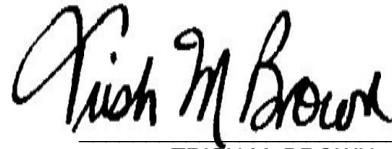


February 05, 2014

Clerk, U.S. Bankruptcy Court

IT IS ORDERED AND NOTICE IS GIVEN that unless within 23 days of the date in the FILED stamp above an interested party BOTH: (1) files a written objection to the Motion below, SETTING FORTH the specific grounds for such objection, with the Clerk of Court (i.e., if the 5-digit portion of the Case No. begins with 3 or 4, at 1001 SW 5th Ave. #700, Portland OR 97204; OR, if it begins with a 6 or 7, at 405 E 8th Ave #2600, Eugene OR 97401), AND (2) serves a copy on the movant and any attorney for the movant at the service address(es) below, the movant will thereafter settle and compromise the matter upon the terms below and the settlement will be deemed approved without further order.



TRISH M. BROWN  
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re

)  
) Case No. \_\_\_\_\_  
)

Debtor(s)

) MOTION AND NOTICE OF INTENT  
) TO SETTLE AND COMPROMISE,  
) **AND ORDER THEREON**  
) **(re EPA-related Admin. Claims &**  
**Queen Ave. Personal Property)**

The undersigned trustee, \_\_\_\_\_, moves to settle and compromise the following described dispute upon the following terms:

###

DATE: \_\_\_\_\_

\_\_\_\_\_  
Trustee

Service Address: \_\_\_\_\_

Name of Attorney for Trustee: \_\_\_\_\_

Service Address: \_\_\_\_\_

\*\*\* CONTINUED FROM ABOVE \*\*\*

Section 101(22) of CERCLA, 42 U.S.C. § 9601(22). The EPA alleges that the Estate, the Queen Owners, and the Ferry Owner are responsible parties jointly and severally liable for EPA response costs, in addition to the approx. \$400,000 and \$230,000 spent directly by the Queen Owners and the Ferry Owner, respectively, on remediation.

The Trustee has negotiated a settlement by which the EPA will release the Estate and the Site owners of its over-\$400,000 CERCLA claim for only \$250,000. Queen Owners are selling the Queen Property and depositing \$135,000 of the proceeds into an escrow account, to which the Estate shall immediately pay \$115,000 upon approval of this settlement. This \$115,000 represents (1) \$62,500 on behalf of the Ferry Owner to resolve the Ferry Owner's chapter 7 administrative claim demand for EPA-related contribution under its now-rejected lease, and (2) a payment of \$52,500 on behalf of the Estate, on account of the Estate's alleged independent liability to the EPA.

This \$115,000 payment is being made by the Trustee to resolve not only the EPA-portion of the Ferry Owner's admin. claim and the entire EPA Admin. Claim at a significant discount, but is also based and contingent on the Queen Owners' agreement to fully release any and all claims of the Queen Owners (including assigns) against the Trustee and Estate, including related to any and all tangible personal property at the Queen Property at any point in time and environmental remediation thereof, in exchange for the Trustee's release and transfer to the Queen Owners of any and all rights, title, and interest of the Estate in the Queen personal property, including any and all rights, title, and interest of Vencore Solutions LLC ("Vencore") and Water Conservation Technologies, Inc. ("WCT") now held by the Estate pursuant to the Court's Order dated January 29, 2014 (Doc. 375).

Besides requiring approval by this Court, this settlement shall be subject to a public comment period of not less than 30 days pursuant to Section 122(i) of CERCLA, 42 U.S.C. § 9622(i). Upon approval of this settlement, the Trustee shall pay \$115,000 of the approx. \$350,000 received by the Estate from the sale of the Debtor's intellectual property to the EPA escrow account, in exchange for the releases described herein. This settlement avoids litigation regarding the EPA-related administrative claims, settles the EPA's claim at a discount, and resolves the Estate's liability to the Queen Owners in exchange for any and all rights of the Estate to personal property that the Trustee already abandoned. Litigation with the EPA and/or the Queen Owners regarding CERCLA damages could result in far greater liability than \$115,000 and would likely take years to resolve. This settlement facilitates prompt resolution of this bankruptcy case.